

Date of Hearing: April 19, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2046 (Medina and Gray) – As Amended March 2, 2022

**SUBJECT:** University of California: Inland Rising Fund.

**SUMMARY:** Establishes the Inland Rising Fund (IRF), allocated to the University of California (UC), upon appropriation by the Legislature, to support the multiyear operating costs for the development, operation, and maintenance of economic development and innovative climate change research efforts and health care and medical research operations at the UC Riverside (UCR) and UC Merced (UCM). Appropriates \$1,460,000,000 from the General Fund (GF) to the IRF. Specifically, **this bill:**

- 1) Makes several legislative findings and declarations, including, all of the following:
  - a) California is the fifth largest economy in the world, but these economic benefits are not shared equally by all regions of the state. Most notably, the Inland Empire and Central Valley are among the lowest in educational attainment levels and per-capita income. The regions' universities support the state's highest proportion of California undergraduate, low-income, and first-generation students, and state investment would support more equitable outcomes for these students and their communities. Therefore, the UCR and UCM campuses are uniquely positioned to contribute to the economic vitality of California's inland regions through economic development, research innovation, and continuing enrollment growth of undergraduate, professional, and graduate students;
  - b) Importantly, while climate change affects everyone, there are more significant negative impacts among Inland Empire and central valley residents and their local industries. Agriculture and warehousing, in particular, are low-wage industries that contribute to and are susceptible to the detrimental impacts of smog and climate change. Similarly, Inland Empire and central valley citizens face chronic diseases that disproportionately burden low-income communities and people of color. Access to health care providers is very limited, a condition which will worsen as these regions' populations are expected to grow, as the Inland Empire is one of the fastest growing regions in the United States.
  - c) A timely, transformational investment at the UC's two most diverse campuses, UCR and UCM, is key to spurring economic development in the Inland Empire and central valley. Strategically raising the impact and stature of these two leading universities will:
    - i) Accelerate economic development and innovation in the areas of air pollution, clean technology, and sustainable agriculture; and;
    - ii) Significantly improve health outcomes in these communities, as a means of increasing overall equity and per-capita income in these regions of the state.
  - d) Moreover, such an investment will result in UCR becoming the first inland Association of American Universities (AAU) institution, placing it among the nation's top universities; and UCM will become the first Research I (R1) institution in the central

valley. Top-ranked AAU and R1 universities optimize benefits to California and their local communities by attracting new talent and dollars, as illustrated by the impact of the University of California, Berkeley, and Stanford University in Silicon Valley and the University of California, San Francisco's, pioneering innovations in biotechnology. Therefore, strategically advancing the stature of these two "anchor" institutions will dramatically increase the economic impact of these universities within their local communities and across the state and nation; and,

- e) Through state support, UCR will leverage their existing strengths in social mobility, clean technology, and air pollution research to advance sustainability, innovation, and social inclusion, and UCM will significantly expand their research on the future of agriculture, including agricultural technology, limited pesticide use, and better water usage. Both campuses also have plans to grow their own health care providers, by advancing medical education in the Inland Empire and central valley and by developing intentional research programs that address the regions' distinctive health challenges, including valley fever and respiratory diseases.
- 2) Establishes the IRF, allocating moneys in the fund to the UC, upon appropriation by the Legislature, to support the multiyear operating costs for the development, operation, and maintenance of economic development and innovative climate change research efforts and health care and medical research operations at UCR and UCM.
- 3) Specifies that funds will be adjusted annually, consistent with other allocations to the UC, and are a supplement to, and not a replacement of, any current or future funding.
- 4) Appropriates \$1,460,000,000 from the GF to the IRF. Moneys in the fund will be allocated between UCR and UCM for programs in the following two categories:
  - a) Economic development and climate change research:
    - i) \$515,000,000 in one-time funding, and \$80,000,000 in ongoing funding to the UCR for the following purposes:
      - (1) Student enrollment, research faculty, and staff growth;
      - (2) Four education and research facilities, including engineering and natural sciences; and,
      - (3) Development of a clean technology park.
    - ii) \$451,000,000 in one-time funding and \$69,000,000 in ongoing funding to the UCM, for the following purposes:
      - (1) Student enrollment, research faculty, and staff growth;
      - (2) Academic program development;
      - (3) Student support services; and,

- (4) Research infrastructure.
- b) Health care and medical research operations:
  - i) \$275,000,000 in one-time funding to UCR, for the following purposes:
    - (1) UCR, School of Medicine and clinical health and research faculty recruitment; and,
    - (2) The establishment of a UCR teaching hospital and medical center.
  - ii) \$62,000,000 in one-time funding and \$8,000,000 in ongoing funding to the UCM for the following purposes:
    - (1) Medical education operations;
    - (2) Medical education infrastructure;
    - (3) The establishment of a nursing program; and,
    - (4) The construction of a nursing program building.

**EXISTING LAW:** Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (Article IX, Section (9)(a) of the California Constitution).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Background.* California is the fifth largest economy in the world, but these economic benefits are not shared by all regions of the state. For example, 70% of job growth has been in coastal cities, with greater disparities for California citizens in northern and inland areas (e.g., lower wages and educational attainment). These communities were hit hard by COVID-19 confronting some of the worst health outcomes and disproportionate hardship from increased unemployment and widening income gaps. Opportunities on the coast result in long, energy-consuming commutes for those inland. Revitalizing the California dream for everyone and for the state's future sustainable success relies on reversing these growing disparities.

In recent years, California's Governor and State Legislature agreed on a historic investment for Humboldt State University to become Northern California's first polytechnic institution. They noted this funding would have "a major impact on the North Coast economy, potentially revitalizing it for years to come" through "new construction jobs, creation of a broader talent pool, and new businesses likely wanting to take advantage of being located near a polytechnic."

However, such investments are not ubiquitous across California's institutions of higher education, especially across the UC system. As of 2021, UCR received about \$8,600 per person

to \$11,500 at UCLA and about \$10,000 at Berkeley, Davis, Irvine and San Diego, ranking fifth among 10 campuses in total state general funding received.

The author contends that “It is essential that California build on this model and extend such investments to diverse regions such as the Inland Empire and the San Joaquin Valley.”

UCM and UCR are anchor institutions in the San Joaquin Valley and Inland Empire and are on the cusp of becoming RI and AAU institutions. Designated as a Hispanic-Serving Institution and Asian American and Native American Pacific Islander-Serving Institutions (AANAPISI), UCR generates more than 20,000 jobs and \$2.3 billion in economic output in the Inland Empire.

Meanwhile, 71% of students are first-generation and 60.9% are Pell Grant-eligible at UCM. Given the diversity of the institutions and the regional economy, it is essential that the State of California expand access to medical education and climate change research.

*Purpose of the measure.* According to the author, “California is the fifth largest economy, but these economic benefits are not shared equally by all regions of the state. Most notably, the Inland Empire and Central Valley are among the lowest in educational attainment levels and per capita income. A timely, transformational investment at UC’s two most diverse campuses –UCR and UCM – is key to spurring economic development in the Inland Empire and San Joaquin Valley.”

The author contends that, “Through AB 2046, California will expand access to medical education, healthcare, and advance climate change solutions.”

This measure establishes the IRF, allocating \$1.46 billion to UCR and UCM. A majority of the IRF is one-time funding that will build the physical infrastructure and expand campus capacity to more rapidly address critical needs of the state and local regions, specifically by addressing:

- 1) *Educational Equity.* Both campuses are actively working with local educational partners to increase educational attainment with planned enrollment growth and pathways from local institutions to enrollment in local universities, including UC campuses.
- 2) *Climate Change.* Both campuses are focused climate change research, including UCR’s clean technology and air pollution research to advance sustainability, innovation and social inclusion and UC Merced’s research on the future of agriculture, including agricultural technology, limited pesticide use, and better water utilization.
- 3) *Health Care & Research.* Both campuses have plans to grow their medical and nursing schools, advancing medical education in the Inland Empire and Central Valley with intentional programs that will result in health care providers that better understand and reflect these local communities, and medical research that addresses distinctive health challenges (i.e., valley fever and respiratory diseases).

*Arguments in support.* According to State Treasurer, Fiona Ma, “A majority of the Inland Rising Fund request is one-time funding that will construct the physical infrastructure and expand capacity at UC Riverside and UC Merced to address critical needs of the state and local region related to educational equity, climate change, and health care.”

The State Treasurer goes on to state that, “Given the negative impacts the COVID-19 pandemic has had on healthcare access and the economy, it is imperative that we invest our most underserved regions in the state.”

*Committee comments.* Committee Staff understands that the authors of this measure are pursuing this policy both through the legislative and budgetary processes. However, given the significant nature of the budget ask and the numerous, new programs contained in the IRF, legislation is needed to establish the IRF.

Both campuses have promising programs and pathways to increase medical professionals in the underserved Inland Empire and San Joaquin Valley. UCR School of Medicine is committed to expanding from 50 to 500 students in less than a decade. Just after a few years of operation, it has one of the most diverse student bodies in America and 65% of those students have ties to the Inland Empire. More importantly, 38% of those students remain in the Inland Empire and 78% remain in Southern California to begin their clinical practice.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California State Treasurer  
Eastern Municipal Water District  
Greater Riverside Chambers of Commerce  
Monday Morning Group of Western Riverside County

##### **Opposition**

None on file.

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